

Good evening or good morning, I'm not sure what this is, were right we're right at that dividing line. Thank you all for being here and I want to thank the legislators that have joined us even at this very late hour as you all know we began our work on February the 14th with the first special session and many thought it was an instrumental challenge. We inherited a billion dollar deficit for the current fiscal year and more than 2 billion dollars for the fiscal year that begins on July first the largest in the state's history. The TOPS program, K-12 education, higher education, life-saving health care services in many other areas of state government were threatened with catastrophic cuts if we didn't take swift and decisive action. I offered a specific plan to address the problems left over from the previous administration. This plan would it fully funded our political priorities. It started us coming out of this hole that we have been left in today some of us can look back on these two special sessions and the intervening regular session knowing that we did everything that we possibly could, everything within our power to work in good faith to compromise to find common ground and avoid catastrophic cuts and to the very a very large degree we were successful and that's because a clear majority of the legislators work with us in that same fashion but certainly not everyone legislature can say that. There is a relatively small group, mostly in the house who did everything in their power to block just about every attempt that we made to find common ground and to raise the revenue necessary to fund critically important priorities and I can explain their motives. I won't try, it doesn't really matter but I hope the people of Louisiana recognize that there are a few folks in the legislature more interested in continuing the policies of the past administration and playing games we often see in Washington. This was perhaps to hurt me politically but certainly not in the interest of moving Louisiana forward. I offered numerous ways to fix the budget crisis over the past several months and there were some folks who just simply wouldn't offer a single avenue of their own. They refused to raise revenue and refused to be associated with cuts so they by definition were certainly part of the problem. So I challenged them time and again to offer their own plans to address the historic problem but they're simply offered a one word answer and that was no. But at the end of the day I have to tell you that I am very proud of the vast majority of legislators who have done truly an amazing job of working with me because we have been able to a very large degree to stabilize our budget and avoid catastrophic cuts. This is where we stand in the first special session, I cut spending in the current fiscal year by more than 230 million dollars and implemented efficiencies across state government for the next fiscal year. We brought a two billion dollar deficit down to about 300 million and yes that will be made up in cuts and then the process of expanding Medicaid for the state of Louisiana. We will save 180 million dollars of state general fund for next year and yes to meet that difference we raised about 1.5 billion dollars in revenue. Now, sadly despite the fact that much of our problem is structural in nature and it goes as far as the eye can see in terms of our structural budget deficit. The revenue that we raise especially there in the first special session was temporary in nature. It was short term including the credit rating agencies didn't appreciate that particular approach but all of that said in just over four months the relentless focused on honest budgeting. Together, we have corrected more than 2 billion dollars in deficits, left to us largely by the dishonest and irresponsible budgeting practices of the previous administration. The budget that I proposed and the budget that we have, there's no one time money, there are no fund sweeps, we did not raid the Transportation Trust Fund and until tonight there was no contention funding. We didn't resort to that old trick with above the line funding and below line money until tonight and the reason to continue funding is such a problem is because it directs all revenue in excess of what's going to be recognized by REC after we signed these bills into law to go to one of three areas. The problem with that is we've been put on

notice by the state's economist that we face a shortfall in the current fiscal year and it's probably is going to be two hundred million dollars or more that gets carried into the next fiscal year and has to be paid upfront and so the legislature to tell me that I have to pay all of that extra revenue to higher education to top sort of health care. It interferes with my constitutional obligation to pay that debt. Secondly, we have a cash flow problem something that I know the legislature was aware of because I put them on notice in my talk to the legislature on the first day and there is every possibility that we're going to have to take out a loan to pay recruit regular ordinary bills of the state of Louisiana to deal with that cash flow problem if all of the extra revenue has to go to those three areas who's going to loan us the money. Absolutely irresponsible. Further than that, we are in hurricane season and we all know what that could look like even when we on the back end of a disaster and could get the federal government to put up money, it is only seventy-five percent and they repay us. We have the front all of the money that's why you don't do contingent budgeting. That's why it is irresponsible and the implication of front-loading TOPS so that we fully fund the first semester but leave kids with as much as twenty five hundred dollars toward your tuition and the second semester is really problematic especially because normal avenues for student financial assistance are not available at that time of year. So again, not the best policy, not responsible but because of the good work that we did do the responsible work be honest budgeting the hard work of so many legislators and so many people in this administration to whom I am very much indebted and the state of Louisiana is very much indebted, students in higher education are going to see the smallest increases in tuition in a decade and cuts. It would have been crippling to our institutions, and will no longer take effect. We can say tonight that there will not be a state general fund cut to higher education institutions across the state of Louisiana for the first time in almost a decade. I said we had to stabilize the state of Louisiana, I used the rule, first and foremost the area of higher education because sadly we have led the nation in state general fund reductions to higher education over the last several years. Well that ended this year, we're not going to do that thanks to the hard work the courageous work of a lot of legislators who joined with this administration to make that possible. Across the state safety net hospitals that serve communities are going to remain open to serve the needs of the most needy people that we represent and now we have before us for the first time in a long time and honest discipline budget that doesn't rain contained tricks or gimmicks. Except for the few that I just talked about they were added tonight and so we may not be completely satisfied with the final product. I am NOT because while the budget is honest and disciplined and certainly free of gimmicks to the extent that i could control it at least, it is still not a pretty document for the first time in a generation. State general fund support for K-12 education will be reduced from what we invested in K-12 education last year. Nobody should ever be proud of that this will limit our ability to reward teachers for educating the leaders of tomorrow. It is not the way that we should do our business if we are truly investing in Louisiana future. TOPS will be funded at approximately seventy percent now. I very much wanted to fully fund TOPS and I offered a plan to do just that unfortunately too many members of the legislature would not join me in making sure we could fully fund TOPS. Let's also not forget as I mentioned earlier we were received news last week from our economist that the current fiscal year has a revenue shortfall that likely will get two hundred million dollars and be carried into next year and that means if it does happen, we will have to use revenue to address that shortfall first. In preparation for that, next week when the fiscal year starts and we had a budget authority to the agencies across the state of Louisiana, at my direction Jay Dardenne, Commissioner of Administration will direct them to take certain precautions to make sure that we have general fund on hand to meet that shortfall.

The days of kicking the can down the road and pretending we don't have problems or somehow they will magically disappear are over. So we are no way out of the woods and we have some difficult choices to make very soon but I know that we're going to come out of this stronger than ever. I remain entirely optimistic about our state about our future. Our best days are ahead of us but we just finished was really the first half of what is going to be a two-year process to pull our state out of the mess that was left to us by the previous administration. So we're going into halftime with a lot of successes and I feel very good about where we are considering where we were just a few months ago, but I will not pretend we are where we need to be. We're a long way from reaching our goals and in fact, I would tell you that the actions, the decisions that we're going to have to make in the future will be more difficult when we undertake comprehensive structural long-term tax reform next April. Those decisions are going to be more difficult than either the legislators had to deal with now and in fact I'm willing to wager you right now that many of the proposals that will be before the legislature next year, will be the ones they rejected this year and we will have visited and a year's worth of pain on a lot of people for no good reason because we could have gotten that down on tax reform this year and started realizing the benefits of it this year. And finally to the people of Louisiana, the great people of Louisiana, who watched this closely over the first six months I have tried and will continue to try to be as open and honest with all of you about the challenges before us and transparent about the solutions that I proposed and I will work every single day to get with people all across the state. All the stakeholders, whether the business and industry, higher education, the faith-based community, everyone across this state so that I can listen to your ideas so that together we can find common ground and move forward and that will not change our work was not easy and while we may have come up short in a few ways, we made difficult choices and we made tremendous progress. We have stabilized the state in a manner that is honest and transparent. We avoided the catastrophic cuts that were imminent and we failed to take bold and decisive action but we start next year with more than 300 million dollars in cuts that will be painful. But I want to finish on a high note, I am extremely pleased with where we are considering where we started and I could not be more excited about the future of our great state and I am right now because I have seen a lot of good work by good, competent, diligent people in the legislature but also all across the state of Louisiana pull in this state forward and I know that that's going to continue and so with that I would be happy to take your questions. Let me change that I'm going to take your questions Well Sue, as you heard me say I certainly have problems with the language that was put into the Supplemental Appropriations Bill. We are studying that language. I'm not going to announce whether I'm going to veto it or not here tonight. Yeah, we are convinced that we have a way to fund the medical school in Shreveport but also the medical school in New Orleans needed some money but the most acute need was in Shreveport. I can absolutely concede that but we have a funding mechanism where we believe by redirecting some dollars that have already been coming from our private partner hospital but they were going to LSU instead by sending those to DHH because they are associated with the collection of data and with research. That we are able to take those dollars and get a match from the federal government that is allowable by CMS in return even more dollars to Shreveport. Even in New Orleans and so we believe ultimately we are going to be better off because rather than simply trying to find a one-time fix within the fusion of state general fund, we have actually unlocked a mechanism that allows us to regularly fund those hospitals and there are also many other things that we are exploring with the folks there at the Medical School to change the way that they operate so that they actually have recurring revenue at the hospital itself that prevents the need from having to come to the

legislature every year for this additional appropriation. so we believe and it's going to be very obvious in just a very short period of time that the medical school in this report will be on a much sounder financial footing than they have been. I do not have a concern here tonight about the medical schools report i have been committed to it as governor as candidate. We are going to make sure that that medical school is strong in fact stronger than ever. Well first of all, I'm not a political loser because I'm the Governor of the great state of Louisiana. Secondly, I guess you slept through the first part of our presentation tonight. We inherited a two billion dollar deficit, we've raised three quarters of the revenue necessary to close that deficit by accessing our federal dollars. I'm going to bring two hundred million dollars home I'm sorry, save right at two hundred million dollars of state general fund by bringing our federal tax dollars some through the Medicaid expansion and we are going to execute about three hundred million dollars in cuts for next year. I'll take that any day, Tyler, you can associated with losing, but its a good win. How is that helpful? We are where we are. I don't get do-overs any more than you do. I'm committed to working with the legislature as they are and the leadership as it happens to to be configured at this time and we're going to continue to do great things for the state of Louisiana. Well then don't ask me. Well I and right now I don't offer an opinion on it. I don't see on the horizon right now any eventuality that would require us to have a third special session but obviously I don't have a crystal ball. I don't know. I don't anticipate going back into session before April of next year if that changes, we will issue a call and you will know when it starts and what will be dealt with but I really just don't see that that happening right now. Well, I know that that there are many members who are going to have to be more courageous than they were this time but yes I do have hope. I'm always hopeful and optimistic that we will rise to our challenges and that's the next challenge before us and and so we will be committed to that and we are going to pursue it between now and in the end of the session that's it starts next April to make sure that we're successful failure simply is not an option. And Melinda you had your hand up before Sue asked me the question and so I know that we said last question but the last question will go to you Well look, I think you know by asking the question, is not helpful to have Senators on the floor talking about being bullied or being jammed by the House and then the House sending leaders to the floor to say no it's the other way around and we've done our business and you haven't. It just shouldn't happen that way and I think with better leadership better Communication. It shouldn't happen that way and unfortunately that does make it harder for all of us to get our work done not just me as Governor but the House and the Senate but you know this was a learning experience for everyone certainly myself included in my administration but I also think for the new leaders in the House and the Senate and I have every reason to believe in and certainly to hope that going forward you're going to see better leadership better communication better teamwork because at the end of the day we all serve the people of Louisiana and we don't serve them as well as we could if we are failing to communicate and work together to find our way forward in to tackle the challenges before us. So with that I want to wish everyone a good night be very careful going home and thank you for a good morning, good night whatever it is.